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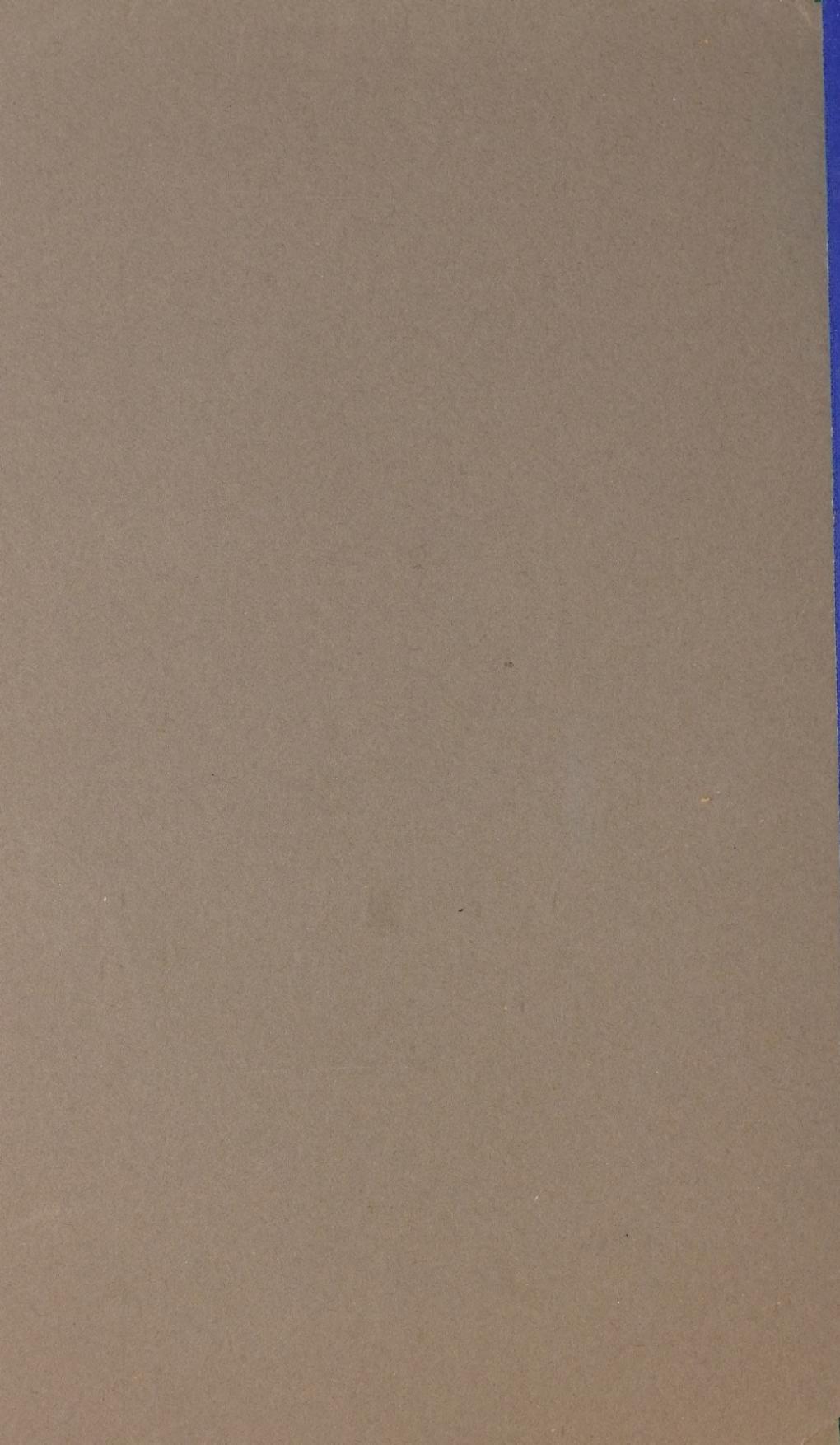
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PRECIS OF DISCUSSIONS

DOMINION - PROVINCIAL CONFERENCE

November 3 to 10, 1927



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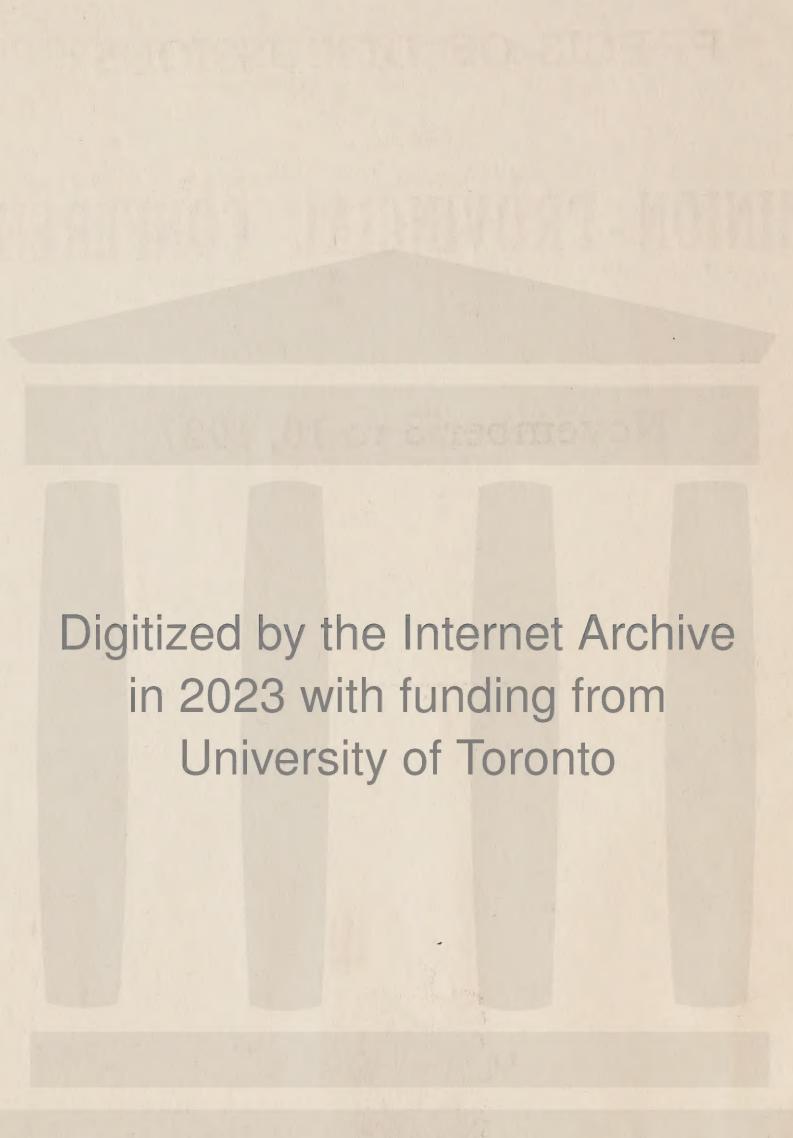
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DOMINION-PROVINCIAL CONFERENCE

Ottawa, November 3-10, 1927

PRESENT:

The Right Hon. W. L. Mackenzie King, C.M.G., Prime Minister of Canada.
The Hon. Senator Raoul Dandurand, K.C., Minister of State.
The Hon. Ernest Lapointe, K.C., Minister of Justice.
The Hon. James A. Robb, Minister of Finance.
The Hon. Charles Stewart, Minister of the Interior.
The Hon. W. R. Motherwell, Minister of Agriculture.
The Hon. J. H. King, M.D., Minister of Health and Minister of Soldiers' Civil Re-establishment.
The Hon. P. J. A. Cardin, Minister of Marine and Fisheries.
The Hon. Charles A. Dunning, Minister of Railways and Canals.
The Hon. J. C. Elliott, K.C., Minister of Public Works.
The Hon. Lucien Cannon, K.C., Solicitor General.
The Hon. Peter J. Veniot, Postmaster General.
The Hon. W. D. Euler, Minister of National Revenue.
The Hon. Fernand Rinfret, Secretary of State.
The Hon. James Malcolm, Minister of Trade and Commerce.
The Hon. Robert Forke, Minister of Immigration.
The Hon. Peter Heenan, Minister of Labour.
Colonel the Hon. J. L. Ralston, K.C., C.M.G., D.S.O., Minister of National Defence.

ONTARIO

The Hon. G. H. Ferguson, K.C., Premier of Ontario.
Lieut.-Colonel the Hon. W. H. Price, K.C., Attorney-General.
The Hon. J. D. Monteith, M.D., Provincial Treasurer.

QUEBEC

The Hon. L. A. Taschereau, K.C., Premier of Quebec.

NOVA SCOTIA

The Hon. E. N. Rhodes, K.C., Premier of Nova Scotia.
Colonel the Hon. G. S. Harrington, Minister of Public Works and Mines.
The Hon. W. L. Hall, K.C., Attorney-General.

NEW BRUNSWICK

The Hon. J. B. M. Baxter, K.C., Premier of New Brunswick.
The Hon. C. D. Richards, Minister of Lands and Mines.
The Hon. L. P. D. Tilley, K.C., President of Executive Council.

MANITOBA

The Hon. John Bracken, B.S.A., Premier of Manitoba.
The Hon. W. J. Major, K.C., Attorney-General.
The Hon. R. A. Hoey, Minister of Agriculture.

OFFICIAL PRECIS OF DISCUSSIONS

BRITISH COLUMBIA

The Hon. J. D. MacLean, M.D., Premier of British Columbia.
 The Hon. A. M. Manson, K.C., Attorney-General.

PRINCE EDWARD ISLAND

The Hon. Albert C. Saunders, K.C., Premier of Prince Edward Island.
 The Hon. George S. Inman, K.C., Member Executive Council.

SASKATCHEWAN

The Hon. J. G. Gardiner, Premier of Saskatchewan.
 Colonel the Hon. J. A. Cross, D.S.O., K.C., Attorney-General.
 The Hon. T. C. Davis, K.C., Provincial Secretary.

ALBERTA

The Hon. J. E. Brownlee, K.C., Premier of Alberta.
 The Hon. George Hoadley, Minister of Agriculture.
 The Hon. R. G. Reid, Provincial Treasurer.

In addition to the above delegates the following Provincial Ministers had intimated an intention of being present to participate in later sittings of the conference:—

QUEREC

The Hon. Honoré Mercier, LL.B., Minister of Lands and Forests.
 The Hon. Jacob Nicol, K.C., LL.M., Provincial Treasurer.

NEW BRUNSWICK

The Hon. A. Leger, Provincial Secretary Treasurer.
 The Hon. D. A. Stewart, Minister of Public Works.
 The Hon. Lewis Smith, Minister of Agriculture.

The delegation from the Provinces included the following officials and advisors:—

ONTARIO

Mr. Edward Bayly, K.C., Deputy Attorney-General.
 Mr. R. Leighton Foster, Superintendent of Insurance.
 Mr. W. J. Smelt, Secretary, Insurance Department.
 Mr. J. T. White, K.C., Controller of Revenue.
 Mr. George Grant, Private Secretary to the Premier.

QUEBEC

Mr. R. A. Benoit, Private Secretary to the Premier.

NOVA SCOTIA

Mr. A. S. Barnstead, Deputy Provincial Secretary.

NEW BRUNSWICK

Mr. Harvey Mitchell, Deputy Minister of Agriculture.
Mr. W. A. Loudoun, Auditor General.
Mr. W. K. Tibert, Director of Vocational Education.
Professor W. C. Keirstead, Advisor.

MANITOBA

Mr. John Allen, Deputy Attorney-General.
Mr. R. M. Pearson, Deputy Provincial Treasurer.

BRITISH COLUMBIA

Mr. E. D. Johnson, Deputy Minister of Finance.

PRINCE EDWARD ISLAND

Mr. J. O. C. Campbell, Private Secretary to the Premier.

SASKATCHEWAN

Mr. A. P. Taylor, Deputy Provincial Treasurer.
Mr. Donald Allan, Private Secretary to the Premier.

ALBERTA

Mr. R. English, Assistant Deputy Minister of Municipal Affairs.
Mr. J. C. Thompson, Provincial Auditor.

Messrs. H. E. M. Chisholm and Gustave Lanctot, Official Recorders.
Mr. L. C. Moyer, Conference Secretary.

AGENDA**CONSTITUTIONAL**

1. Senate Reform.
2. Procedure in Amending the British North America Act.
3. Participation by Provinces in International Labour Conferences.
4. Regulation of Aircraft and Flying Operations.
5. Industrial Disputes Investigation Act.
6. Incorporation and Operation of Companies, including trust, loan and insurance companies.
7. Regulation of the Sale of Shares and Securities of Dominion Companies.
8. Representation of Nova Scotia in the House of Commons.

FINANCIAL

1. Federal Subsidies, including recommendations of Duncan Report thereon.
2. Other proposed Federal Aids:
 - (a) for highway construction,
 - (b) for technical education,
 - (c) for agricultural education,
 - (d) for unemployment relief,
 - (e) for steel industry.
3. Partition of Federal Lands.
4. The Canadian Farm Loan Act, 1927.
5. Taxation:
 - (a) Delimitation of Fields of Taxation,
 - (b) Taxation of the Canadian National Railways,
 - (c) Comparative Taxation,
 - (d) Income Tax. Method of Collection,
 - (aa) Priority in Matter of Collecting of Debts.
6. Reduction of Customs and Excise Duties..
7. Consideration of interests in which the Dominion and Provincial Governments exercise jurisdiction:
 - (a) Agriculture,
 - (b) Policing,
 - (c) Health,
 - (d) Construction, Maintenance and Upkeep of Railways,
 - (e) Developing Markets for Canadian Products,
 - (f) Establishment of National Research Laboratories and Co-operation in Research.

SOCIAL AND ECONOMIC

1. Immigration. Federal and Provincial Co-ordination.
 2. Fuel Problems.
 3. Old Age Pensions. Social insurance.
 4. Water-Power Development.
 5. Fisheries.
 6. Child Nutrition and Transmission of Infection.
 7. Oriental Problem.
 8. Unemployment Insurance for Handicapped Veterans.
 9. Distribution of Fines.
 10. Liquor Importation—Canada Temperance Act.
 11. Whipping Penalty for Narcotic Offences.
 12. Canadian Nationality.
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1. Taxation of Soldier Settlement Lands.
2. Amendments to Canada Temperance Act to prohibit private importation of liquor.

OFFICIAL PRECIS (1)

Thursday Morning, November 3, 1927

The Dominion-Provincial Conference commenced in the Railway Committee Room of the Parliament Buildings at 11 o'clock this morning, and following a brief address of welcome from Premier King, got down to business without preliminaries.

Item 4 of the Agenda dealing with the regulation of air craft and flying operations was the first subject for discussion and was disposed of during the morning's sitting. With respect to this item the question was raised as to the jurisdiction of the federal authority over aircraft and flying operations and as to the interpretation of the word "navigation" in the British North America Act. At the present time the Dominion Government licenses pilots and has a general control over flying operations. It was decided that the question of jurisdiction should be referred to the Supreme Court for adjudication.

At the outset Premier King extended a warm welcome to the Prime Minister of the provinces and their colleagues. He declared it to be a fortunate circumstance that this conference should be held when Canada was celebrating the Jubilee of Confederation. "This" said the Premier, "is a conference, not a cabinet nor a convention. It is a bring-together of those charged with the responsibility of carrying on the affairs of government with a view to discussing matters of mutual interest." The Premier declared that he would set an example by refraining from making any speech. He would simply submit the Agenda which contained matters which were thought to be of interest to the conference.

Certain outside parties had asked to be heard, but it had been decided to follow the example of the Imperial Conference in England and outside deputations would not be given any hearing. It had also been thought to be in the interest of the conference that no stenographic report should be made but that a précis should be provided day by day for publication, after approval by members of the conference. For this purpose it was decided that Premier King and Premier Rhodes of Nova Scotia should be consulted.

The Premier announced that it was expected that the conference would conclude on Wednesday next. It would sit each day from 10 o'clock to 12.30 and from 2.30 till 5, and it might sit on Monday in spite of that day being Thanksgiving.

The following resolution was moved by the Hon. Ernest Lapointe, Minister of Justice, seconded by Premier Ferguson, of Ontario:—

"The Prime Minister and other representatives of the Government of the Dominion of Canada and the Premiers and other representatives of the Governments of the provinces of the Canadian confederation assembled in conference at their first meeting and as their first official act, desire to express their respectful greetings to the representative of the Crown in this country, His Excellency the Governor General, and their fidelity to the King. They earnestly hope that His Majesty and Her Majesty the Queen may long be spared to strengthen the ties of affection and devotion which unite the various peoples of the British Commonwealth under the Crown."

During the morning's conference, Attorney-General Manson, of British Columbia, intimated that his Government desired to place some further important items on the Agenda.

The conference adjourned till the afternoon, after having been officially photographed.

OFFICIAL PRECIS (2)

Thursday Afternoon, November 3, 1927

The Dominion-Provincial Conference devoted its entire afternoon session to-day to an extensive and highly diversified discussion of the subject of Senate Reform. While on the question of "abolishing" the Senate the members of the conference were unanimous in opposition, and while there was practical unanimity as against the principal of an elective Senate there was a considerable conflict of opinion on many of the other suggestions of reform which have been common currency in the Dominion for many years past, and which are continually cropping up in Parliament and elsewhere.

The discussion in which the Premiers of all the provinces participated and which was introduced by an historical review presented by Hon. Ernest Lapointe, Minister of Justice, was carried on a very high plane, and indicated that delegates had given careful thought and much original attention to the much-vexed question. At the conclusion of the discussion Mr. Lapointe stated that the Government would take careful cognizance of the views put forward.

To-morrow the conference will undertake consideration of item 2 of the Agenda which deals with "Procedure in amending the British North America Act".

In introducing the question of Senate Reform this afternoon Mr. Lapointe stated that the Government had virtually been instructed by the House of Commons on March 9, 1925, to submit the question to a provincial conference. The resolution passed on that date was to the effect that the Senate as at present constituted was not of the greatest advantage to Canada, and that the question of amending the British North America Act in respect to the powers and constitution of the Upper Chamber should be submitted to a conference. This resolution was carried by a vote of 120 to 39. During the same session there was a paragraph in the Speech from the Throne referring to the matter.

The minister in his review cited the many and varied proposals which had been made from time to time with respect to the Upper House. Among these proposals were: First, abolition; Second, the adoption of the elective principle direct or indirect; Third, a combination of both the appointive and elective principles; Fourth, a fixed and limited term of office; Fifth, an age limit with possible superannuation; and Sixth, a bringing of relations between Canadian Upper and Lower Chambers into accord with the relations between the House of Commons and the House of Lords in Great Britain. This latter has reference to the powers of the Upper House in the matter of vetoing or amending money or general public bills.

It may be stated that the question of abolition had not a single backer in the conference. A comparatively small body of opinion favoured some change which might bring the Upper Chamber more closely in contact with the electorate, though this was regarded as at variance with the British system of government upon which the Canadian system is based. With respect to fixed term of office, and an age limit, there was a wide divergence of opinion, these proposals not being generally regarded as vital when the question of reform is being considered.

The British system under which in 1911 the powers of the House of Lords with respect to money and general Bills initiated and passed in the representative Chamber were restricted was discussed at considerable length during the conference, while reference was also made to the system of existing in the other Dominions of the Empire. Throughout the discussion the right of the provinces

to be consulted on such an important matter as this was frequently emphasized. While there was a strong body of opinion in favour of any reforms which might strengthen the general machinery of Parliament there was no attempt on the part of any speaker to minimize the value of a second chamber.

Frank and candid views were expressed by all the speakers present.

The conference adjourned until to-morrow at 10.30.

OFFICIAL PRECIS (3)

Friday Morning, November 4, 1927

The question of "Procedure in amending the British North America Act" was the subject of discussion during the entire session of the Dominion-Provincial Conference this morning. This item of the Agenda was introduced through an opinion submitted for discussion by Hon. Ernest Lapointe, Minister of Justice. In effect the opinion in question was that Canada in view of the quality of status which she now enjoys as declared at the last Imperial Conference and in view further of the cumbersome procedure now required, should have the power to amend her own constitution, and that legislation should be asked for from the United Kingdom for that purpose. In order that adequate safeguard should be provided it was proposed that in the event of ordinary amendments being contemplated the provincial legislature should be consulted, and a majority consent of the provinces obtained, while in the event of vital and fundamental amendments being sought involving such questions as provincial rights, the rights of minorities, or rights generally affecting race, language and creed, the unanimous consent of the provinces should be obtained.

Representatives of all the provinces were heard during the discussion, and every conceivable phase of the subject was dealt with. The conference divided sharply on the proposal, a portion of the members being entirely opposed to any change in the present procedure. While others either approved of the opinion expressed by the minister in its entirety or with minor modifications. On the question of the rights of minorities and of other rights specifically laid down in the British North America Act there was no divergence of opinion whatsoever. Several of the opponents of the proposal feared that such rights might be in danger by the change, while those who supported the proposal pledged their own provinces to the maintenance and continuance of every right at present enjoyed.

In submitting his opinion the Minister of Justice pointed out that while there had been five amendments to the British North America Act on only one occasion had the provinces been consulted. This was in 1907 when the subsidy question was up, on that occasion there was only one dissenting province namely, British Columbia. Amendments to the constitution could be divided into two classes; those which might have the effect of increasing the power of the Dominion Parliament or Government at the expense of the provinces; and those not affecting provincial autonomy or individual rights. In the past it had not been regarded as necessary to consult the provinces in connection with proposed amendments of the latter class. He pointed out that it had never been contended that the constitution could not be amended. The question was simply therefore as to the procedure which should be followed, and as to whether Canada should not have the same powers over its constitution as had the sister self-governing dominion. The present method was not consistent with the Dominion's status. In view of the present usage of automatic acceptance of proposals made and of the practice in all the other dominions, the minister contended that it would

be better if in the future amendments to the British North America Act should be made by legislation of the Dominion Parliament subject to the conditions set forth. The questions on which unanimity of the provinces should be required might be specified under sections 93 and 133 and section 92, subsections 12, 13, 14, of the British North America Act.

Opponents of the proposal opposed it on various grounds. It was contended that there was no widespread demand for such a change; that if Canada had the right of herself to amend her constitution all sorts of demands for changes would be made that on no occasion had the Imperial Government refused a demand for amendment; that to submit all sorts of proposals to the provincial governments for approval would stir up local party strife and arouse sentiment and feeling; that inasmuch as the Dominion's charter came from London, Canada should go to London for amendments thereto and that under the conditions as proposed amendments might become too easy to secure.

Supporters of the proposal put forward by the minister argued strongly on its behalf, declaring that the change must come sooner or later if Canada were to keep abreast of her status. The Constitution they contended could not be regarded as rigid and inflexible and must be subject to change with the changing time. It was therefore only a question of the best procedure to be adopted under the circumstances. It was held by one speaker that unity would not be furthered by the idea that Canadian questions could only be settled by an independent tribunal. The suggestions made by the minister he believed would promote confidence and demonstrate to the world that the people of Canada were prepared to deal justly with their minorities. The declaration of the Imperial Conference was generally accepted as a definition to the world of equal status. Canada should therefore keep pace with that status.

At the conclusion the minister stated that the Government would carefully consider all the opinions on the subject both pro and con.

The committee adjourned until this afternoon at 2.30.

OFFICIAL PRECIS (4)

Friday Afternoon, November 4, 1927

A variety of subjects were discussed and disposed of by the Dominion-Provincial Conference this afternoon. The question of incorporation and operation of companies including trust, loan and insurance, which was brought up by the provinces of Ontario and Manitoba was dealt with at considerable length, and was finally submitted to a sub-committee of the conference, consisting of Hon. Messrs. Price, Ontario; Major, Manitoba; Manson, British Columbia; and Hon. Fernand Rinfret, Secretary of State, Hon. Lucien Cannon, Solicitor General. This sub-committee will confer with Dominion and provincial officials in an effort to secure better working arrangements as between the federal and provincial authorities.

The question of the regulation of the sale of shares and securities of Dominion companies which was brought up by Nova Scotia and Saskatchewan was also considered at considerable length and at the conclusion of the discussion the Secretary of State assured the gathering that the Government was entirely in sympathy with any proposal which might be brought forward for the protection of the public against high-pressure salesmen. He believed that a Dominion law would serve the purpose much better than a variety of provincial enactments.

A number of subjects on the Agenda were for various reasons struck off. These included "The Canadian Farm Loan Act of 1927" put forward by Manitoba; "Taxation of the Canadian National Railways" put forward by Saskatchewan; "Policing," put forward by Alberta and Saskatchewan; and "Developing markets for Canadian Products," put forward by Manitoba. In the case of practically all those subjects it was pointed out that the delegates would confer with departmental officials.

At the opening of the session Attorney-General Price of Ontario brought forward the question of jurisdiction with respect to insurance and trust and loan companies. Colonel Price pointed out that in spite of the fact that the Privy Council had decided that control of insurance companies was in the jurisdiction of the provinces the Dominion Government had continued to exercise supervision and regulating powers over such companies. The Supreme Court of Ontario has held similar views as to those held by the Privy Council, and the Dominion had not appealed from the Supreme Court's decision, but had continued to exercise the supervision. He maintained that the matter was entirely one of property and civil rights and within the jurisdiction of the provinces. The question did not involve any change in the constitution but could be dealt with by compromise and conference between the federal and provincial authorities. He further pointed to the fact that trust and loan companies had been incorporated and regulated in Ontario and elsewhere for forty years, but that in 1914 a Dominion Act was passed for the purpose of licensing such companies. This he said had been used as a means of taking further steps in the incorporation of such companies and in dealing with them as if they were a federal matter. These companies he contended could not be placed under any other category than that of property and civil rights. The views of the Ontario representative were concurred in by the British Columbia representative while Quebec was of the opinion that an understanding could be reached by conference between the provincial and federal officials. On behalf of the Federal Government, Hon. Lucien Cannon, Solicitor General, argued the inalienable right to incorporate companies. In the opinion of the representatives of New Brunswick insurance ought to be one of the subjects for Dominion legislature, but the regulations should be so devised as not to interfere too much with the activities of the various companies.

On the suggestion of Premier King, who declared that the question was partly a legal question and partly one of administration, it was agreed that the committee aforementioned could confer with the various officials and report to the conference before the conclusion of the sessions.

The question of the regulation of the sale of shares and securities in Dominion corporated companies was brought up by Saskatchewan. Attorney-General Cross pointed out that each province had until 1923 a statute providing for such regulation; in that year, however, The Supreme Court of Canada held that in so far as the Act applied to the regulation of shares of Dominion companies it was ultra vires. In his opinion since then high pressure salesmen and "share pushers" had increased in numbers and had succeeded in evading the provincial law through Dominion incorporation. He proposed to enact a law which in effect would place the shares of Dominion companies under the control of the provinces. Representatives of Alberta, Ontario, and other provinces concurred in the opinion of the Saskatchewan representative and emphasized the evil effect of bad stock promotion not only upon the people of the Dominion but upon the credit of Canada in other countries. At the conclusion of the discussion Mr. Rinfret declared that the Government was much in sympathy with the proposal

to protect the public. The demand for legislation along that line he said was very pressing and had been presented to him in terms which could not be ignored. The question was whether there should be a federal law or provincial laws, but in his opinion a federal law would be preferable. It was suggested that the subject might be made one for further consideration by the sub-committee appointed during the afternoon.

To-morrow the conference will consider the question of the representation of Nova Scotia in the House of Commons and the question of the Industrial Disputes Investigation Act. It will adjourn at noon.

OFFICIAL PRECIS (5)

Saturday Morning, November 5, 1927

The Dominion-Provincial Conference made considerable progress on its Agenda this morning, a variety of subjects being dealt with and disposed of. When the conference rose the question of immigration was still under discussion. This question, Premier Ferguson, of Ontario, declared to be probably the most important on the Agenda and merited the fullest possible consideration by the conference. On Monday next, Hon. Robert Forke, Minister of Immigration, will make a comprehensive statement as to the policy and problems of his department. The conference will sit in spite of the holiday.

At the opening of this morning's session Hon. George S. Inman, of Prince Edward Island, requested that the question of uniformity of law in regard to retirement of judges be added to the Agenda.

The question of agriculture was brought up by Hon. George Hoadley, of Alberta, who declared that he would discuss the subject from the standpoint of administration rather than from the standpoint of policies. He stated that there was a considerable amount of over-lapping and that there might be a clearer definition of activities. He suggested that a sub-committee be appointed with clear instructions from the main meeting to consider the question of over-lapping so that services could be given to the people at the least possible cost.

Premier Ferguson emphasized the necessity of standardizing food products and of placing upon them a dominion brand, as a guarantee of their excellence of quality. The great difficulty to-day, he said, was that Canadian products on the British market were scarcely known as such. Those, however, who had adopted a brand had done much to build up trade. He believed that the federal authorities should provide machinery whereby the Canadian brand of quality could be established. The Ontario Premier paid tribute to "Live Stock Products Act" and thought that the same course could be pursued with respect to every phase of agriculture.

Premier Gardiner, of Saskatchewan, welcomed the spending of federal money for the standardizing of all products. This should be Dominion wide.

In replying to the speakers, Hon. W. R. Motherwell, Minister of Agriculture, admitted that there had been certain over-lapping which he declared, however, to be inevitable. His Department was always willing where possible to reduce the number of its officials in any province. In research work, however, there had been splendid co-operation, while with respect to the "Live Stock Products Act" all of the provinces had passed concurrent legislation, to the advantage of all parties concerned. In addition there had been co-operation in the establishment of restricted areas with respect to tuberculosis.

The minister declared that more had been done in the standardization of farm products than the public was aware of. Five years ago nothing was

exported but wheat, having a Government certificate of grade and quality. Later this had been applied to butter, cheese, and eggs, while last session the Government had taken power to grade apples for export, so that the apple growers themselves in certain provinces were striving after an even better grade than that stipulated by the law. Reforms, said the minister, must come slowly. First of all the grading would be introduced in a voluntary way, then when two-thirds of those interested had adopted it it could be made compulsory. In the opinion of Mr. Motherwell it would only be a matter of a year before the Maritime Provinces would be enthusiastic about port inspection. He stated that since the war the honey industry had increased tremendously. At one time it had been thought in the West that the wind was too strong for the busy bee to buffet, now it was found to be the greatest bee country in the world. Bees were classified as live stock and had been brought under the provisions of the "Live Stock Act". The producers were now working to get standardized grades, which would be adopted first on a voluntary basis.

The question of participation by the provinces in the International Labour Conferences at Geneva was introduced by Hon. W. J. Major, of Manitoba, who supported the proposal with an extensive brief, and was backed up by Hon. A. Manson of British Columbia. Hon. Peter Heenan, Minister of Labour, declared that he welcomed any suggestion for the bringing about of more effective participation in the conferences. He was willing to adopt the suggestion right away. Premier King stated that the provinces could get together while here and select their man.

Mr. Heenan introduced the question of the Industrial Disputes Investigation Act. He declared that there had been some question of extending the Act to cover other than public utilities. He invited the provinces who had not yet passed concurrent legislation to participate in the Act, and declared that once they had passed it, the provisions of the measure would fully apply.

Hon. Dr. King, Minister of Health, brought up the question of child nutrition and the transmission of infection. It had been found, he said, that one-third of the children of Canada were under-nourished, not through lack of food but through carelessness in diet. He believed that infectious diseases could be controlled, and advised teaching in schools along lines of diet and hygiene. His department, he declared, was willing to provide provincial departments with all the information at its disposal.

Premier Brownlee, of Alberta, brought up the question of immigration, not in a critical but a constructive mood. He did not believe that the provinces should take the responsibility of immigration agencies but thought that there should be more co-ordination between the provinces and the Dominion, as the power of absorption of any province should not be over-taxed. The great influx of central Europeans was already creating uneasiness. Mr. Brownlee suggested that the Dominion Government should call in representatives of the provincial governments from year to year to discuss the conditions in each province and their respective powers of absorption. He was inclined to think that the difficulty to-day was not in getting immigrants but seeing that they were well selected and could be assimilated.

Hon. R. A. Hoey, of Manitoba, declared that colonization and assimilation were the important problems. He believed, however, that Western Canada still extended to young men physically fit and willing to work as great an opportunity as any other part of the world.

Hon. George S. Inman, of Prince Edward Island, spoke of the need of select immigrants to settle upon the many farms in the province left by those who had gone westward.

Premier Taschereau, of Quebec, declared that sixty per cent of the inmates of the asylum in Montreal, and forty per cent of the inmates in the jails were

aliens. He believed that such persons should be deported as fast as they came. He also believed that care should be taken to exclude the Bolshevik element. Quebec had a good and sane labour element and desired to keep it good and sane.

Premier Gardiner, of Saskatchewan, declared that a young man or woman coming to his province would get a job within twenty-four hours of their arrival. The province wanted men without family ties rather than with them. In the opinion of the Premier, immigration organizations whether religious or otherwise should be carefully controlled.

Hon. L. P. D. Tilley, of New Brunswick, declared that quality and not quantity was wanted. Premier Maclean, of British Columbia, declared that there were three qualifications for immigration in his province. Newcomers should be young of good health and assimilable from the racial point of view. He declared that in his province there were more insane people from Eastern Canada than there were from foreign countries, and suggested the return of these to the province of their origin.

In the opinion of Premier Ferguson, of Ontario, there should be an advisory board of men who would serve without pay and keep in constant touch with the governments on immigration matters.

The conference adjourned until 10 o'clock Monday morning.

OFFICIAL PRECIS (6)

Monday Morning, November 7, 1927

At the conclusion of a lengthy review by Hon. Robert Forke, Minister of Immigration, of the activities of his department, of its policy and problems, and a varied discussion by provincial representatives, the Dominion-Provincial Conference this morning decided that on Thursday next the provincial representatives should meet with the minister and departmental officials in an endeavour to eliminate certain duplication of effort and to secure greater co-operation as between the Dominion and the provinces in the matter of recruitment and placement of incoming settlers. During the discussion it was emphasized that the need for immigration varied both so far as quantity and kind were concerned in the different parts of the Dominion. It is thought that such a conference as has been fixed for Thursday next will do much to dissipate certain misunderstandings which may exist and to bring about a more co-ordinated effort on the part of all concerned.

In the course of his address the Minister of Immigration declared that the policy of his department was to secure the largest number of immigrants of a suitable character which could be assimilated with the best advantage, both for the newcomer and to the various parts of the Dominion. Quality rather than quantity was of supreme importance. Mr. Forke laid down certain principles as to selection giving precedence to British, American, Northwest European, and selected immigrants from other parts. He declared that following the recruiting of immigrants direction and colonization must go hand in hand.

The minister outlined the British Empire Settlement Scheme by which the provincial governments and organizations approved by the federal department could nominate those who might be brought to the Dominion and placed there. This year he said quotas could be given to about half a dozen such

organizations approved by the department. He believed that a good deal of criticism originated from organizations who desired to bring over immigrants at £2 per head on a wholesale basis. To accede to such a proposal would inevitably lead to much unemployment. Under the department's policy so long as a man was physically and mentally fit and expressed a wish to go on the land he would receive every consideration. Most of the restrictions which had been imposed by the department and against which there had been some complaint had been decided upon for the good of the immigrants themselves. With respect to land settlement schemes several of the provinces had shown an inclination to participate. Losses through the Assisted Family Scheme and Land Settlement Scheme had been infinitesimal. The minister suggested that Canadian boys might be also encouraged to go on farms on a 50-50 loan basis as between the Dominion and the provinces. This will be a matter for discussion at Thursday's conference.

The minister explained the policy pursued in connection with European immigrants. The railway agents themselves exercised care in the matter of selection and in addition to that the department's agents overseas were very strict in the matter of fitness. The regulations with respect to health were much more adequate than ever before. This was necessary in order to prevent the tragedies of deportation which must be carried out at the expense of the railway companies. Mr. Forke dealt at some length with the advice and services which were available to newcomers from the supervisors under the Land Settlement Branch. As regarded restrictions he explained that there were none upon any British-born subject who desired to come to Canada, provided he could pass the medical examination and in the event of his not taking advantage of the assisted passage scheme which applies to agriculturists, could pay his fare.

Various views were expressed by the provincial representatives on the subject of immigration. The question of repatriation of Canadians in the United States was brought up. The minister declared that in this respect arrangements were being made for a highly efficient staff to deal in a business manner with the return of Canadians from the New England States. In the opinion of certain of the western delegates, immigration should be absolutely under the control of the federal and provincial authorities, and the activities of outside organizations, religious and otherwise, should be very carefully supervised. Representatives from Saskatchewan, were of the opinion that young men, mentally and physically fit, not only from the farms but from the cities of Great Britain, and not only from Great Britain but from the Continent, could be absorbed and assimilated.

The discussion closed with the agreement that on Thursday next a heart-to-heart conference would be held between provincial representatives and the minister and officials of the Immigration Department.

At the opening of the morning session references were made by two of the delegates to what were regarded as "unfair statements" appearing in certain Canadian newspapers with respect to various phases of the activities of the conference, and certain allegations to the effect that there had been serious clashes. It was stated without contradiction that on the contrary the utmost harmony and a splendid feeling had prevailed throughout and that it was the desire of the conference that this should continue to the end.

The committee adjourned until 2.30.

OFFICIAL PRECIS (7)

Monday Afternoon, November 7, 1927

Constitutional and financial questions featured the afternoon session of the Dominion-Provincial Conference to-day. In the absence of Premier Rhodes, Attorney-General Harrington, of Nova Scotia, introduced the question of "Representation of Nova Scotia in the House of Commons." Representatives of other provinces participated in the discussion, and sympathetic consideration of the Nova Scotia claim for an additional member in the House of Commons was promised. Thereafter the conference considered the question of "Federal subsidies, including recommendations of the Duncan Report thereon," which was introduced by Premier MacLean, of British Columbia, associated with whom were Manitoba, Nova Scotia, and Prince Edward Island.

The conference expressed sorrow at the illness of Mr. Rhodes who had been compelled to go to Montreal to meet his physician from Halifax, and whose return before the end of the conference is regarded as doubtful. Speaking on the question of increased membership from Nova Scotia in the House of Commons, Mr. Harrington declared that representation had been fixed by the British North America Act on a basis of 65 seats for the province of Quebec. Under the Act this was the old province of Lower Canada. In calculating the unit, however, the boundaries of Old Quebec were not adhered to, but what is known as Abitibi had been included. Had the old boundaries been adhered to, the province would have had a representation of 15 instead of 14. The question he said was merely one of mathematics, and could be adjusted as such. Premier Saunders, of Prince Edward Island, declared that while the unit of 65 was intended to be a guiding principle it had never been regarded as an infallible standard. He pointed to the fact that an irreducible minimum of representation had been fixed in certain cases, but that when his province entered Confederation it had done so on the assumption that its representation in the House of Commons should never be less than 6. This understanding, however, had not been included in the written contract.

In the opinion of Premier Baxter, of New Brunswick, if the calculations of Nova Scotia were correct then the matter was settled by existing legislation, and if Nova Scotia was entitled to an extra member she should get it. He did not believe, however, in changing the British North America Act for the sake of special provisions. In the opinion of Ontario, if Nova Scotia could prove her claim she should get what she asked for. In the opinion of Quebec, it would be better for the Maritime Provinces to concentrate themselves upon the securing of better terms than on the changing of the British North America Act. Other provinces had very little to say in the matter. At the conclusion of the debate, Hon. Lucien Cannon, Solicitor General, declared that if Nova Scotia could show an error of calculation that error should be corrected. So far as the claims of Prince Edward Island were concerned, however, this was a fundamental matter in connection of which all other provinces would have to consent.

The subject of provincial subsidies was introduced by Premier MacLean, of British Columbia, in the course of a comprehensive brief. The subsidies of his province he declared should be increased owing to its physical condition, which necessitated obligations on the part of the provincial Government by reason of the lack of municipalities in the unorganized districts, and the pressing need of roads. The province had been accorded a special subsidy of one hundred thousand dollars a year for ten years, but this had lapsed. In the meantime the Government had tapped every source of taxation at its command. With respect

to subsidies, Premier MacLean declared that his province should be dealt with on the same basis as other provinces. Summarizing his speech, he declared that the four demands of his province were: first, the return of the railway lands for which the province had paid heavily for development without receiving any taxes; second, the withdrawal of the Federal Government from the income tax field; third, the delimitation of the fields of taxation as between the Federal and provincial authorities.

Premier Bracken, of Manitoba, was of the opinion that the financial arrangements of Confederation had been improvident from the viewpoint of the provinces. There had been no finality with respect to the financial provisions which had never been satisfactory to the provinces. The time had now come when they should be revised from the standpoint of the Dominion as a whole. He believed that the Dominion Government should seriously consider additional subsidies to an amount equal to ten per cent of the customs and excise revenue. At Confederation the amount agreed upon had been 24 per cent. Mr. Bracken declared that while the provinces at Confederation had handed over customs and excise to the Dominion authorities they had maintained activities including health, roads, education, etc., the cost of which had materially increased, while the value of the dollar had decreased.

In the opinion of Nova Scotia that province should receive the same treatment as other provinces.

The committee adjourned until Tuesday morning but will not sit in the afternoon. It is the desire of the Government to conclude on Wednesday evening, but there is a possibility that a portion of Thursday will also be given to the conference.

OFFICIAL PRECIS (8)

Tuesday Morning, November 8, 1927

The Dominion-Provincial Conference resumed discussion of the question of "Federal subsidies, including recommendations of the Duncan Report thereon," this morning. Hon. G. S. Harrington, of Nova Scotia, resumed the debate. He dealt at the outset with the fiscal policies of the Maritimes examined by the Duncan Commission which had found that the Government departments were run at a surprisingly low cost, that they were not incurring unreasonable expenditure, and that they could not meet from available sources of revenue the increased cost of government. This principle, Mr. Harrington believed, applied to practically all the provinces of the Dominion. The Duncan Report had declared that existing revenues were insufficient to balance budgets, or provide for sinking funds. His province, having a total budget of seven millions had an annual deficit of one million. At Confederation the federal authorities had invaded the provincial field of taxation. The modern tendency had been to justify the federal invasion and the income tax was justified as a War measure but it was an embarrassment to the provinces which had an income tax. The unit of production was the test of taxation and the Maritime Provinces were taxing production at the rate of 3 per cent, while the average rate in the Dominion was only 2.5 per cent.

In connection with the Public Debt Allowance the Duncan Report found that the Maritime Provinces were being treated differently from the western provinces, and that the latter were entitled to reconsideration of treatment. In the eastern provinces the public debt had been taken over by the Dominion and the interest paid, but the assets including buildings, lighthouses, and public works

generally had also been taken over. The western provinces on the other hand had no assets, but were allowed public debt allowance on a per capita basis and on an assumed population. If the western provinces were given the natural resources then it might be reasonable that the subsidy granted in lieu of public lands should be terminated. This, however, could not be done because they required the revenue to perform their functions.

The Duncan Report had advocated an immediate interim lump sum pending revision and reassessment. In the opinion of Mr. Harrington this might have been made retroactive. Hon. James Robb pointed out that the sum could not be paid without the authority of Parliament and that in any case Nova Scotia was in arrears to the federal authorities to the sum of one hundred and thirty-three thousand dollars for troops requisitioned at the time of the strike. This sum had been deducted not from the interim allowance but from the permanent subsidy. Mr. Harrington contended, that their legal advisors had declared that the province was not liable for this amount, and suggested that the sum should not be deducted until the question had been decided in the courts. Premier King declared that his Government would gladly abide by the decision of the courts as to whether the charge were legal or not. In conclusion the Nova Scotia representative declared that the condition of any one province was a matter for consideration by the whole Dominion.

A strong plea for better terms to the province of Prince Edward Island was made by Premier Saunders, who declared that his province had a declining population and had only two manufacturing concerns, while at Confederation it had a considerable number. Half of the revenue of the province at the present time was being spent in education, there being no less than 540 schools, though the chief inspector's salary was only \$2,000 per year and the average salary of the teachers, \$500. It was an agricultural province, but the minister of that department received an annual salary of only \$1,000. Every department was run at half the cost of that of any other province, but the family budget on the Island was just as high as anywhere else.

In reply to a question Mr. Saunders declared that the question of Maritime Union was an open question. He did not believe that Prince Edward Island had benefited by Confederation. Prior to Confederation the province had paid its way out customs and excise and did not have to resort to local taxation. To-day it had a subsidy of three hundred and eighty-one thousand dollars and a budget of eight hundred thousand dollars, with no mineral or forest resources to tax. Heavy taxation on an agricultural province had never been contemplated. Prince Edward Island had no great wealth, not a single millionaire, and no field for investment. It could not afford to establish institutions of health and was unable to provide from its revenue necessary roads.

Premier Saunders declared that the railroad of the Island had been taken over and charged to the extent of three and a quarter million dollars against debt allowance. The railway was a national one and the province was entitled as an increased subsidy to the interest on the amount specified. He also declared that the province was entitled to the same consideration as the western provinces in the matter of subsidies in lieu of public land. A further demand made by Premier Saunders was that there should be a second car ferry from the Island to the mainland superior to the present one. Attorney-General Inman continued the case for Prince Edward Island and was still speaking when the conference adjourned until the afternoon.

OFFICIAL PRECIS (9)

Tuesday Afternoon, November 8, 1927

The Dominion-Provincial Conference resumed the debate on Federal subsidies and the Duncan Report this afternoon and when the conference adjourned the discussion was still uncompleted. The case for Prince Edward Island was supplemented by Attorney-General Inman, who dealt at the outset with the "Texture of population" of his province. He stated that the Island had a larger proportion of juveniles being educated and of persons over the age of 70 and a smaller proportion of persons of earning age than the average of the Dominion. The province in fact had a population not much in excess of the average city. Yet it was compelled to maintain sheriffs, ministers, and the same general machinery which could just as well handle a population of 880,000. The per capita argument did not therefore apply to a province of its proportion. The question had been asked as to why the province did not tax itself. Whether it did or not the Dominion Government was responsible for legislation and government. The province he said had the right to ask the Government to keep up legislation and government irrespective of whether the province taxed itself or not. The sum of \$404,000 was necessary for this purpose if decent salaries were to be given to the ministers. It might be thought that \$155,000 per year was a low taxation. This was the amount which appeared in the Public Accounts. But there were other taxes collected in other directions including road taxes, school taxes, and land taxes, amounting in all to some \$250,000 which did not appear in the Public Accounts, but which nevertheless were a burden upon a small population.

Mr. Inman concluded by declaring that all his province asked was the means to be able to housekeep in an adequate way. This he said could not be done with the Prime Minister and members of the Cabinet paid only \$2,000 per year.

Premier Baxter, of New Brunswick, was the next speaker. He declared that the Fathers of Confederation had foreseen a more prosperous Maritimes under Confederation than in the past, and that the Maritimes themselves had believed that this would be so. It was not in a large measure the fault of Confederation that these visions had not been realized. The channels of trade visioned by the Fathers of Confederation had rather been visioned by desire than knowledge. They had believed that manufacturing concerns would spring up selling their products to what is now Central Canada. Those markets, said Mr. Baxter, were not open to-day. In the two big central provinces there had been amassing of wealth and activity which precluded competition by the smaller provinces. This could not be stopped. Much of the future of the Maritimes ought to be across the sea, but with the exception of Great Britain the countries there had put up tariff barriers which practically excluded Maritime products. There was a hope in the extension of steamship service to the West Indies. There was a further hope in every trade treaty perfected with any country. The hopes of Confederation had not been realized, but he was not saying this in any spirit of bitterness.

The Premier declared that in his province there was an undue percentage of population too young to work and above the working age. There could therefore be a very considerable difficulty in adopting the Old Age Pensions Act which in the Maritimes would cost from three to five or even ten times as much as in any of the western provinces.

Premier Baxter declared that the movement which had resulted in the appointment of the Duncan Commission had not been all politics. The demand came from the people for an adjustment of their positions. He did not think that the matters before this conference should be taken home and debated "in the light of Grit or Tory". He believed that at the conference could be found the best solution of the differences of all, and that if there were any success it should be claimed as the success of all.

Premier Baxter paid tribute to the Duncan Commission, which he declared to be an impartial tribunal, desirous of seeing justice done. The Maritimes stood as an individual stands who had had a judgment rendered in his favour. He asked that the other provinces back up the Government which had already shown its willingness to carry out the recommendations of the Duncan Report.

The New Brunswick Premier submitted figures to show that for lack of means his province had the lowest per capita expenditure on education of any other province in Canada. In other directions the expenditures were correspondingly low, and it was impossible to adequately develop various services which to-day were regarded as essential. Such services were starved for lack of funds.

Mr. Baxter made reference to the western lands. He did not contend that the Maritimes had any claim upon them, but he asked from the West a brotherly consideration for those who had shared the load so that those lands could be made valuable by railways and other developments.

Despite what might be heard to the contrary the Maritime Provinces still believed in Confederation. The Jubilee Celebration, not only great but wise, had helped the people of Canada to realize that they were a nation. It had renewed their aspirations. It had given them an opportunity to survey the various parts of the Dominion and to realize its potentialities. The celebration, he believed, was responsible for the fact that in this Provincial Conference, representatives from the various provinces had sat day by day discussing various problems without one word of acrimonious feeling, and with a spirit of justice, fair play and right.

On the question of "Taxation" the Premier declared that his province had exhausted all its sources. It had been shown that the Maritimes was not wasting money, that there was not finality in the relations between the provinces and the Dominion. It was simply a question of trying to obtain equality of treatment without overlooking special needs where they existed.

Hon. T. C. Davis, of Saskatchewan, declared that his province had no special claim to submit, but desired some further knowledge as to the Maritime claims. Dealing with the question of the Federal Government going out of the field of direct taxation and at the same time increasing subsidies, he declared that this could only mean the raising of the tariff to which his province was opposed. While sympathetic with the claims of the Maritimes he was entirely opposed to the contention that they had any claim in the western lands, and to the further contention that the debt allowance of the West was inequitable. If, however, the Maritimes had any just claim in the latter direction he would not oppose it. He had no objection of the appointment of a commission for the revision of the subsidy basis. On behalf of Saskatchewan, Attorney-General Cross also spoke. The Duncan Report he declared was *ex parte* and had been made without consideration of the effect which it might have on other provinces. With respect to the Western lands, he declared that there had been federal profit rather than a deficit. No other province would contend that it had any legal or proprietary rights to the lands of the western provinces. The federal war debt had to be paid, therefore the provinces should not be too strong in their demands.

Premier Gardiner while further opposing the idea that the West was indebted to any other part of the Dominion for its lands declared that it owed a debt to the eastern provinces for having sent their sons and daughters to the West for settlement there. Having done so they had made the greatest gift they could have done to the West. He declared that care should be taken in the establishment of a so-called standard of equity and in the maintenance of a strong central government with an adequate taxing power. Some day the Maritimes might be the richest part of Canada, while the western provinces might have to pass through a trying period from time to time. He believed that with the opening of the Hudson Bay Railway a trade might be established between the Maritimes and the West which would add to the prosperity of both. Dealing with western lands he declared that they belonged by right to the provinces and that no other part of Canada was helping to pay the subsidies which the provinces were receiving in lieu of lands.

Premier Gardiner concluded by declaring that while not at the moment asking for any addition to the existing subsidies his province demanded ultimate right to the interest on moneys secured from pre-emptions and the retention of the existing subsidies in lieu of lands.

The committee adjourned until to-morrow.

OFFICIAL PRECIS (10)

Wednesday Morning, November 9, 1927

The first round of the discussion on "Federal subsidies and the Duncan Report" was concluded by the Dominion-Provincial Conference this morning after representatives from all the provinces had been heard. This afternoon, Hon. James Robb, Minister of Finance, will make a statement on the financial phases of the question and the conference will adjourn at four o'clock to enable the federal ministers to hold a Cabinet council. Thereafter further discussion of the question will be continued at eight o'clock this evening.

It may be stated that the general concensus of opinion of the delegates is that every effort should be made to create a prosperous Dominion by making the provinces prosperous, and that whatever moneys may be expended by the federal authorities toward that end will in the future be amply recouped to the federal exchequer. Yesterday Premier Gardiner declared on behalf of his province that he would not care if a hundred thousand or two hundred thousand dollars were taken out of the other eight provinces to help Prince Edward Island overcome the peculiar difficulties under which it laboured by reason of its isolation. This opinion with respect to that province may be said to be shared by all the other speakers of the conference.

While, however, there is almost complete unanimity of opinion in favour of granting to the western provinces of the natural resources and of implementing the recommendations of the Duncan Report, the suggestion was made by Premier Ferguson, of Ontario, that it might be well to appoint an independent commission of financial and business experts to go into the whole question of provincial demands to make a report and to have this report submitted to a further Dominion-Provincial Conference for consideration. The further suggestion was made by Premier Taschereau, of Quebec, that the question of jurisdiction over water-powers on large streams should be submitted as a reference to the courts.

Premier Brownlee, of Alberta, declared that while the name of his province had not appeared in the Agenda on the subject under discussion, his province was deeply interested. Even if this subject had occupied the entire time of the conference it would have been a good thing for the other provinces to hear the arguments made by the Maritime representatives. He believed that those arguments had created a very sympathetic feeling on the part of the other provinces and trusted that the presentation of the views of the West would have a similar effect. In Western Canada there was a sound of growing in the tree-tops, and the vital question facing the provinces was the adoption of a policy which would encourage present-day optimism. This would be discouraged if the provinces were compelled to adopt taxation beyond the power of their people to bear. He was sorry he could not say that his province had no immediate claim; it was now wrestling with problems too great for its small population to face. The Fathers of Confederation had placed certain responsibilities upon the Dominion and upon the provinces. The responsibilities of the provinces were increasing daily, and the increase in the debt of the provinces was proportionally greater than that of the Dominion, while the system of finance of the Dominion was elastic and that of the provinces inelastic.

Premier Brownlee declared that it was impossible to have a healthy Dominion without healthy provinces. It had been stated that the Dominion was liquidating its debt and at the same time decreasing its taxation. On the other hand the provinces were seeking new sources of taxation and going more and more into the direct field. This was necessary by reason of new demands with respect to highways, health, education, etc., and for the development of new districts which increased the revenues of the Dominion Government. The ratio of subsidies had not kept pace with the increase in the customs and excise revenues, nor with the additional obligations of the provinces. For instance the Old Age Pensions Act would throw on Alberta a burden equal to one-third of its total federal subsidy, and the province had taken every source of taxation with the exception of the income tax.

Premier Brownlee concurred in the demand and aspirations of the Maritime Provinces. He did, however, believe that they were not the only provinces suffering from discrimination. Just as the Maritimes had acclaimed the Dominion, so had Alberta and the rest of the West. He was quite prepared to say that Prince Edward Island was entitled to very special consideration, but he declared that now was the time to make a survey of the whole Dominion and find the solution of the problems, not only from a provincial but from a Dominion viewpoint.

In the opinion of Premier Brownlee the Dominion was retiring its national debt at a rate not necessary, particularly when the provinces were still showing a deficit. He could not see why the comparatively small claim of the Maritime Provinces and the request for somewhat similar treatment on the part of the other provinces should seriously embarrass the federal exchequer, which at the present time was retiring its debt much quicker than any other country with the exception of the United States.

Premier Brownlee declared that the railway problem of his province was one which was sapping its life's blood. The province had built three railways costing forty-two millions and was compelled to pay an annual interest of two and a half millions. These railways were developing new country and for every dollar spent the Dominion Government would receive ten. In other words these railways for the general advantage of Canada and a small population of 620,000 should not be called upon to bear the entire burden. Mr. Brownlee concluded by stating that this conference had been called to discuss general principles. Another conference should be called to discuss ways and means.

Premier Ferguson declared that his province contributed a higher per capita payment towards the burden of debt and toward the revenue of the Dominion. He did not intend however, to cavil about small things. He regarded it as supremely important to bring about a situation which would be satisfactory to all the provinces.

The basis of financing laid down by the British North America Act could not be regarded as permanent and must be subject to readjustment. His province was now spending many millions of dollars in development work which properly belonged to the Dominion. Ontario itself had assumed a very large war debt, and was making no complaint about it. The big problem was to promote satisfaction and prosperity by giving fresh inspiration to those who needed help. If the principle of the Duncan Report were correct then there should be a similar investigation which would be Dominion wide. He declared that if in the next few months or so the Federal Government would declare its willingness to appoint a commission of outstanding financial men which would bring in a report within a year, and which report would be submitted afterwards to a Dominion-Provincial Conference, it would go far toward encouraging those who to-day had grievances either real or imaginary. The isolated position of Prince Edward Island must be dealt with in a special way and the utmost generosity must be shown. The expenditure of a few hundred thousand dollars was nothing if optimism, harmony, and industry could be inspired. So far as his province was concerned, Premier Ferguson declared that it urged no special claim.

Premier Taschereau, of Quebec, declared at the outset that he was not asking for anything at all for his province. He was surprised that after all the conferences which had been held, and after sixty years of partnership, there should still be so much friction between the provinces and the Dominion as to their respective domains. To have a happy and prosperous Canada there must be happy and prosperous provinces, and the latter could do more for Canada than could the federal authorities. The provinces were more in contact with the people, educating them, building their roads, and looking after their health. The provinces enacted compensation laws in favour of workmen and had control of the judicial machinery.

In spite of this, said Premier Taschereau, the provinces had continually to fight to keep the rights which they had. They had the right to issue licenses for the sale of spirits. And yet the Scott Act was in force in two counties of Quebec and it was the curse of those two counties he asked that the Ottawa authorities repeal that Act, which was simply an encouragement to the boot-legger. Premier Taschereau instance other domains in which there was friction, namely, insurance, aviation, Indian lands, etc. He believed further that there should be a clearer delimitation of the powers of taxation so he did not claim that the Federal Government had no right to levy direct taxation.

Turning to the question of water-powers on large streams, Premier Taschereau said that it had always been understood that the beds and shores of large streams belonged to the provinces. He thought that this had been finally decided in the Fisheries Case, but the question was still open. It was a pity that after sixty years of Confederation this question had not been decided. He admitted that navigation was in the scope of the Federal Government, but declared that so far as the development of the power was concerned the provinces could do better than the Dominion inasmuch as they had control of the natural resources, and could sell their water-power and timber limits at the same time. He believed that a reference to the courts which would dispose of the controversy for all time would at once settle the question.

At this point Premier Ferguson declared that if the Government was prepared to refer the matter to the courts the subject of power might be eliminated from the Agenda. Premier King, however, took the ground that other provinces might wish to discuss the matter.

In concluding his speech Premier Taschereau declared that his province had no objection to the return of the natural resources to the West and to the granting of special treatment to the Maritime Provinces, provided that the basis of Confederation were left untouched. Both he and Premier Ferguson had no objections to the western provinces continuing to retain their subsidies in lieu of lands.

The conference adjourned.

OFFICIAL PRECIS (11)

Wednesday Afternoon, November 9, 1927

Following the discussion on Federal Subsidies and the Duncan Report participated in during the past two sessions by provincial representatives, members of the Dominion Government took a hand this afternoon in explaining the responsibilities which the federal authorities were compelled to shoulder. On the question of provincial railways which their owners might desire to have taken over by the Canadian National System, Hon. Charles Dunning, Minister of Railways, spoke at some length. Hon. Ernest Lapointe, Minister of Justice, dealt with questions which had been raised regarding the respective domains of the Dominion and the provinces, while Hon. James Robb, Minister of Finance, gave a detailed statement of the financial obligations of the Dominion with special emphasises upon those incurred through the war.

Mr. Dunning referred to the speech of the Premier of Alberta, who had spoken of the burden imposed upon the province through the three railways which it had constructed. He pointed out that the Dominion had taken over very many branches of the Canadian Northern Railway and the Grand Trunk whose bonds had been guaranteed by the provinces. The Dominion, he said, had taken the responsibility of paying the interest from year to year on ninety-three million dollars worth of such bonds. In every case where the provinces had guaranteed the bonds they had taken a form of security whereby in case of default they could take over the road. Apparently the provinces were more anxious to get rid of the roads than to take them over. Alberta was not the only province which asked for assistance in this regard. There were no less than twelve other railways which the people desired should become part of the Canadian National system, and in connection with which complaints were being made with respect to high rates and poor service.

Premier Ferguson interjected the remark that this did not apply to Ontario and the Temiskaming and Northern Ontario. Continuing Mr. Dunning said that the provinces insisted upon the rights of projecting railways and of guaranteeing their bonds. If they proved to be a success they wanted to keep them, if not they wanted to turn them over to the Dominion. The Temiskaming and Northern Ontario had been conceived with a sound vision and had earned its interest requirements. But it must be remembered that there were 12 roads which it was proposed should become part of the Canadian National system, but which would not become a contributing factor towards its success but would rather constitute in the main, a load. Last year the Canadian National had earned enough to meet the debt due to the

public, but not a cent to meet interest. The Dominion still had to pay the interest on outstanding bonds in case the railway did not earn it. There was another side of question. It could not be hoped to maintain the esprit de corps if the system were to be loaded down with the non-paying branches. Men liked to have the encouragement of success. While the Canadian National had earned the interest on all the debt due to the public, it had earned no interest on the amount due to the Minister of Finance which was approximately thirty-two millions.

Railway earnings said the minister were largely from freight rates and yet there were general demands from the provinces and elsewhere for a freight-rate reduction, for the adding of new branch lines, and for the increase in the wages of men. Branches might be necessary but they could not be put out to the extent where the railway system could not pay its way. With respect to the Peace River district and the Alberta railways the question was as to whether the Dominion should assume the obligation or whether the province should hold on as Ontario had done with respect to the Temiskaming and Northern Ontario. It was not the policy of the Government to encourage people to go far away from railroads, and in the matter of length of haul the people of the Peace River were not unique. It was not a question of asking the Dominion Parliament for leave to acquire one, but twelve railroads, and to assume an obligation of approximately two hundred million dollars. The Minister however declared that he was ready to meet the provinces interested in an endeavour to secure an arrangement which would be of mutual advantage to all parts of the Dominion. It was impossible to deal with the question as a whole at the present time, having consideration for the existing load which the Government had to bear.

Hon. Ernest Lapointe, Minister of Justice, dealt with the question of "conflict" between federal and provincial jurisdiction. These, he said, could not be avoided, and must be settled in a spirit of compromise. He denied that a bureaucracy existed in the federal Civil Service, and declared that a set of harder working men imbued with a desire to serve their country never existed than in his department of the Government. Mr. Lapointe contended that there was nothing in section 92 of the British North America Act depriving the Federal Government of the right to tax in any direction. He assured the members of the conference that it was far from the intention of the Government to have any conflict and where conflict did occur it was their desire to eliminate them. On the other hand, the Dominion Government had duties to perform and must assert its powers, not only in the interests of the provinces but of the Dominion as a whole.

Dealing with the question of water-powers, Mr. Lapointe declared that his opinion was pitted against that of certain provinces. The minister's opinion was that of three of the men who had preceded him as minister and of the officials who had been in the department for many years. The Federal Government had acted on their advice. He had to give an honest opinion and he still held that opinion.

Hon. James Robb, Minister of Finance, dealt with financial phases of the conference Agenda. The conference had been called in the spirit of the days of Confederation, and of the Jubilee year which Canada was now celebrating. The delegates had presented their troubles and difficulties very frankly, but they were not the only ones who had troubles and difficulties. The minister admitted that the provinces were closer to the life of the people than was the Dominion, but the latter had great responsibilities toward the country which if not properly fulfilled would react upon the provinces, cities and towns. These latter might be extravagant and run up expenditures and debts, but this would not be advertised in other countries. If the Dominion were extravagant and negligent in

meeting its obligations, this however would react on the whole country. It was desirable that Canada should have a good reputation so that capital should come in for development.

In the conference the Maritimes had not been bashful in presenting their claims and he just wondered if the great spirit which had prevailed at Confederation now prevailed. He recalled that it was a Maritime Province man who had introduced into the fiscal policy of the Dominion the British preference which had given the Dominion a reputation everywhere. He observed two classes in the conference, those who asked for a revision and increase of subsidies, and those who asked for nothing. He was prepared to say that the Government would carefully consider the demands of the former and accede to those of the latter.

The minister took the conference into his confidence with respect to the war debt which to-day amounts to \$1,694,621,687 with an annual cost of carrying including fixed charges of \$162,799,000. The special taxes imposed for the purposes of carrying this burden failed to meet it by the sum of over six million dollars. The Minister stated that out of the total cost of administering Canada its railways, its canals, subsidies, etc., paid out since Confederation 36 per cent represented the cost of Canada in the war. From this could be gained some understanding of the responsibility which the Federal Government had in carrying on to-day. There had been nothing to do but to impose new taxes or to repudiate the debt. This Government he said was doing its best to restore the confidence and credit of Canada, to reduce its taxation, and to meet its obligations. This year it was in the happy position that out of one hundred millions of maturities it was able to meet more than half, to reduce the war debt and the interest to that extent. He believed that the Dominion must endeavour to pursue that policy.

The minister stated that Canada was faced with the following maturities: 1928, fifty-three million dollars; 1929, sixty million dollars; 1930, twenty million dollars; 1931, seventy-seven million dollars; and 1932, seventy-three million dollars. He hoped that if revenues were maintained and the country continued to grow to materially reduce, if not retire all these obligations. The great difficulty came however in 1933 when the sum of four hundred and forty-six million dollars came due, and in 1934 when the sum of five hundred and thirty-five million dollars came due. It was obvious that while nuisance and other taxes had been abolished, certain other imposts must under the circumstance be maintained. He however desired to cure the impression that the people of Canada were taxed more highly than other countries. The per capita taxation on production in Canada was 19.7 per cent; in Australia, 21.6 per cent; and in Great Britain, 28.9 per cent. The only other country which was lower was the United States. This fact was undoubtedly an encouragement to those who might desire to seek a country for settlement.

Coming to the much-disputed question of the income tax, Mr. Robb dealt with the contention that it was opposed to the spirit of the British North America Act because it was an invasion of the direct field of taxation. The income tax last year had brought in forty-eight millions of which twenty-nine millions or 69 per cent came from the corporation, 80 per cent being from Ontario and Quebec. It might be contended that those provinces were better able to pay. This, however, was not the explanation. Montreal and Toronto were the headquarters of railway corporations, banks, life and fire insurance companies and wholesale houses doing business all over the Dominion. Naturally the income tax was paid at the head office, but everybody interested in these businesses made contributions indirectly. In Quebec individual payments had been six millions and corporation payments eight millions.

In Ontario the proportion had been seven to fourteen millions. In British Columbia individuals paid one hundred and twenty-seven thousand dollars and corporations two millions seven hundred and four thousand dollars. While everybody might be regarded as paying something toward income tax, under the present exemptions it did not bear heavily on the average person.

The minister declared that it was the duty of the Federal Government to give a lead to others in the matter of economy. Since 1923 their debt had been reduced by one hundred and five millions, while the debts of the provinces had been materially increased. If the reputation of the country was to be maintained economy must be practised in so far as the Government could justify its position before Parliament it was prepared to help the provinces.

The conference adjourned until this evening at 8 o'clock.

OFFICIAL PRECIS (12)

Wednesday Evening, November 9, 1927

The question of strengthening the liquor laws of the various provinces by federal legislation occupied the greater portion of the night sitting of the Dominion-Provincial Conference. Other subjects included the question of a uniform law regarding the retirement of judges, and the question of taxation on soldiers' lands abandoned and reverted to the Crown.

The first question was introduced by Attorney-General Major, of Manitoba. He declared that while his province had adopted liquor control the question arose as to the right of individuals to import. This question he declared should be settled at once and he suggested that federal legislation should be passed for this purpose.

Premiers Taschereau, of Quebec, and Ferguson, of Ontario, declared that their legislation had been framed to make it an offence to have liquor secured without permit of the Commission, these provisions had not been challenged. Mr. Major stated that the Manitoba Legislation had similar provision, but that it might be well to have any doubt dispelled by Dominion law. Mr. Major also dealt with liquor held in warehouses under bond, and stated that it would be well to have the provinces notified when such liquor was released. It might also be well for the Government to refuse to release the bond until the liquor had reached its destination. The Manitoba representative dealt further with the illicit manufacture of liquors and declared that the Government stores could not cope with this because of the high excise duty of \$9.50 a gallon imposed by the Dominion. This high duty he declared was the greatest possible encouragement for the bootleggers. He advocated a reduction in the taxation. He further argued in favour of a restoration of the fees to informers.

Premier Baxter, of New Brunswick, gave recognition to the efforts being made by the present Minister of National Revenue for the prevention of illicit traffic in liquor. The back-bone of the bootleggers, he said, was the low price they could supply liquor at by getting rid of customs and excise. The higher duty curtailed the legitimate traffic and increased the illegitimate. Premier Baxter viewed with suspicion the increased number of distillers but had confidence that the minister would grapple with this situation in due season. He suggested that whatever legislation should be enacted would be under its own title, and have nothing to do with the Canada Temperance Act. He was in favour of legislation making it illegal to import liquor excepting through the legitimate channels by which it could be sold.

Attorney-General Manson, of British Columbia, expressed the hope that an independent piece of legislation should be introduced and that the bonded warehouse be got rid of as soon as possible. He believed that a reduction of the excise duties on liquor would assist in putting down the liquor traffic, but on the other hand he regarded liquor as a luxury and as a legitimate source of revenue. Should the duty be reduced his province however would at once pass the reduction on to the consumer.

Although his Government had control of liquor, Premier Taschereau, of Quebec, declared that they called it a Temperance Act designed to encourage people to drink wines instead of ardent spirits. With spirits at a high price, and wines at a low price he believed that this aim was gradually being attained. He was not therefore so strongly in favour of decreasing the excise duty on spirits as some of the other speakers had been. So far as the Scott Act was concerned he believed it should be wiped out.

Hon. Ernest Lapointe, Minister of Justice, declared that the Government was desirous of implementing the demands of the provinces. If an amendment to the Act was needed he was quite willing to introduce a Bill to that effect, either as a part of the existing Act or as a separate Bill. He was not prepared, however, to take any definite decision at the present moment with respect to the proposed repeal of the Canada Temperance Act.

Hon. James Robb, Minister of Finance, declared that the presentation of this case did not make it easier for him to make up his mind with respect to the demand for increased subsidies. The Government didn't want to lose at both ends. This was not the first time that the question of reducing the excise duty on liquor had been brought before him. He declared that he had not a closed mind on the subject and that he was awaiting the report of the Royal Commission. At the present time the Dominion and the provinces were receiving about an equal revenue from liquor.

Hon. W. D. Euler, Minister of National Revenue, declared that the Government had every desire to co-operate with all the provinces and was sympathetic with the suggestions that had been made. With respect to export houses he declared that not a single bond had been issued during the past year, and that if any province objected to bonds being granted they would be refused. He declared that it would be a heavy responsibility to attempt to see that all liquor that went out arrived at its destination. It should be understood that liquor going out of Ontario was duty paid. He would be glad to consider the question of notifying the provinces when such liquor was released.

With respect to distilleries and breweries he declared that when a new application came in the province in which such an institution was to be established was notified. He did not recall a single instance where a protest had been made. The minister hoped to introduce legislation at the next session of Parliament to give the Government power to cancel at any time the licenses of breweries or distilleries.

With respect to the question of soldiers' lands which had reverted to the Crown and were thereby exempt from municipal taxation, Hon. Robert Forke, Minister of Immigration, declared that it was the policy of his department to dispose of such lands as quickly as possible and thereby place them in the taxable category. Where the occupants of soldiers' lands were in arrears for taxation the supervisors had been instructed to make the payment of such taxes a prior claim.

The conference adjourned until to-morrow at 10 o'clock.

OFFICIAL PRECIS (13)

Thursday Morning, November 10, 1927

The Dominion-Provincial Conference this morning discussed the question of certain proposed federal aids, including those for highway construction, technical education, agricultural education, and unemployment relief. At the conclusion of the session there was also a considerable discussion on the question of the establishment of National Research laboratories and co-operation in research. Hon. James Malcolm, Minister of Trade and Commerce, declared this important question was receiving the most earnest consideration of the Government and intimated that a plan commensurate with the importance of research toward the development of Canadian industries would shortly be evolved. Dr. Tory, President of the National Research Council, made a statement describing the activities in other countries and predicting that should Canada establish a central organization combining the functions of the Bureau of Standards at Washington and the Mellon Institute at Pittsburg, the saving to the nation in productive wealth would equal in twenty-five years the entire national debt.

On the question of aid for highway construction practically all the provinces, with the exception of Quebec, favoured assistance from the federal treasury. It was pointed out that for some years such assistance had been given, but it had been discontinued. In the meantime with the increase in motor traffic the highway had become more and more a national undertaking, benefitting the Dominion as well as the provinces, and creating a new system of trade and commerce. The construction of these highways was a heavy burden upon some of the provinces particularly, though the creation of those highways was saving much money to the treasury of the Dominion by reason of their taking the place of branch railway lines. It was estimated that one hundred and fifty million dollars per year was being spent by tourists in Canada passing over the highways and that much of this money went into the federal treasury.

Quebec did not ask for any assistance. That province had its own system by which the roads were paid for on a 50-50 basis with the municipalities. The Government's share being taken from the proceeds of automobile licenses and the gasoline tax. In the opinion of Saskatchewan, federal subventions for any purpose were objectionable and an encouragement to improvident expenditures and commitments. If money was to be spent by federal authority it should be given without strings.

In the opinion of several of the speakers, a general revision of the subsidies might cover all of the proposed federal aids referred to. With respect to technical education the consensus of opinion was that the grants made by the Federal Government for this purpose should not be discontinued. Many of the provinces had established expensive schools of this kind which must be maintained. These would suffer if the federal grant were withdrawn. Several of the provinces strongly favoured the extension of agricultural education as a matter of national importance and necessity. In the opinion of Ontario, federal grants of any kind should not be temporary, but should be placed on a permanent basis. That province advised a complete survey of the situation, and a settlement of the question for a definite period of years. The problems of development were tremendous and the necessity for technical and industrial research could not be over-emphasized.

The question of unemployment relief was but briefly dealt with, with the possible exception of Manitoba no speaker urged federal aid in this direction. Several of the representatives in fact, were of the opinion that unemployment

relief on any fixed basis was simply an encouragement to unemployment. The representative from Manitoba, however, cited the case of Winnipeg where at times by reason of itinerates wandering in unemployment was frequent, though labour conditions were fairly uniform. He believed that if the Dominion Government did not undertake to bear any share in the cost of looking after these strangers it should establish a depot for the relief of those who drifted in from the outside.

The establishment of an institution for the criminal insane was advocated by Alberta. This province is also taking a deep interest in technical and agricultural education. The institution by the provinces of the Dominion of a soil survey was also advocated.

The question of the establishment of National Research laboratories was introduced by Hon. James Malcolm. He declared that last session a vote of one hundred and seventy thousand dollars had been passed for the National Research Council. There had been many representations made that the vote might reasonably be increased, and the Government had announced that next session it would bring down a more extensive plan of expansion. The council which is made up of men working gratuitously had last year spent one hundred and seventy thousand dollars; of this eighty thousand had gone to the universities for research, forty thousand dollars for scholarships, and thirty thousand dollars for the council's own research. The council had made a recommendation for the establishment of a national institution comparable to the Bureau of Standards at Washington and the Government was sympathetic to this proposal. Before any large scheme were embarked upon, however, there must be a clear understanding to prevent overlapping.

Dr. H. M. Tory, President of the University of Alberta, and Chairman of the National Research Council, emphasized the tremendous importance of education and research, as applied to industry. The first country which had sensed the idea that education was behind all development was Germany. In 1900 the world began to wonder what had happened in that country which was forging ahead in all lines. Prior to the war a whole stream of men from all parts of the world were flocking to the educational centres of Germany. When the war broke out the world realized what that country had done in the line of research. It was only after the war that Great Britain herself had sensed the real relation of education to industry. During the past few years she had spent vast sums of money amounting to millions of pounds for the encouragement of research. On one item of research alone, namely that of coal, which was not yet completed, she had saved in by-products no less a sum than five hundred thousand pounds.

The United States, Canada's greatest competitor in industry, had since the war accumulated such a force for research as had never been seen before. She had a Bureau of Standards, her Mines Research Council, her graduate schools, her scholarships, her Mellon Institute, her Rockefeller Foundation, and her agricultural schools. Last year she had spent two hundred million dollars in research, ten million dollars of which was on pure science. It was estimated that the Bureau of Standards saved to the country six hundred million dollars annually.

When the National Research Council came into being in 1916 there had not been a single highly organized research institution in the country. All the work was done by individuals. The number of these had since been increased, scholarships had been founded, and 155 men had already been trained and were engaged in Canada. The council itself had been engaged in researches and by the end of January hoped to be able to demonstrate the way by which damp

and tough grain could be dried without injuring its quality. This would mean a saving of millions to the country. Dr. Tory emphasized the need of a Bureau for the standardization of materials.

Premier Ferguson, of Ontario, declared that his province had done some valuable research work during the war and that he had contemplated going more deeply into it if the central authority did not undertake the work. After Mr. Malcolm had returned and made his announcement last summer, Mr. Ferguson had decided rather than to cross wires to wait and see what policies might be adopted.

Concluding the discussion, Mr. Malcolm declared that a question of such major importance could not be decided in a brief space of time, and that the sympathetic support of the provinces would be necessary. Canada had a heritage to develop and the application of science was necessary.

The conference adjourned until 2.30.

OFFICIAL PRECIS (14)

Thursday Afternoon, November 10, 1927

After fourteen sessions covering a period of seven days and dealing with some forty subjects, the Dominion-Provincial Conference of 1927 concluded its deliberations this evening. During the afternoon a wide variety of subjects touching upon the respective domains of the Dominion and the provinces were discussed. Toward the conclusion of the session, Hon. James Robb presented a statement on behalf of the Government and the session concluded with mutual felicitations, and with a brief speech from Premier King expressing the deep thanks of his Government for the valuable help which it had obtained in the solution of its many problems through the frank, candid and constructive views expressed by all present. The Premier stated that both the Dominion and provincial authorities had their responsibilities to the people and he assured the provincial delegates that the conference had thrown a light upon many subjects which would be of great assistance in making clear the way of the Federal Government with respect to these.

The statement of the Minister of Finance was as follows:—

"The discussion which has taken place concerning the financial problems of the Dominion and of the provinces has been fairly complete. On the one hand there have been requests by the provinces, or some of them at least, that the Dominion should increase the amount paid to them in subsidies. There has also been the recommendation that the Dominion should assume certain service now undertaken by certain of the provinces. Broadly speaking, I think it may be said that these services are considered to be unprofitable, in fact liabilities to the provinces and that if the Dominion were to take them over that for the moment at least their operation would involve an increase in expenditure on the federal treasury. From the viewpoint of the Dominion it has been submitted that the duty of the federal authorities is to see that the credit of Canada is maintained both at home and abroad and at the same time to reduce taxation so far as is possible in order that industry in all its varied branches may be encouraged.

"The recommendations of the provinces are double-edged. First, there is the demand for increased expenditures by the Dominion Government, and on the other hand that we should withdraw from certain fields of taxation and

revenue. Recommendations have been made that subsidies should be increased, that certain expenditures for varied means of transportation should be undertaken, that the old age pensions should be at the sole expense of the Dominion Government, etc. On the other hand, it has been urged that the Dominion should withdraw from the income tax field and other direct taxation sources, that we should reduce the customs and excise duties on liquors, etc. I have not made a minute calculation, but off-hand would estimate that the varied recommendations involve either in expenditure or in the drying-up of sources of revenue, one hundred millions of dollars annually.

"The Dominion Government has been able to reduce taxation and to no slight extent clear the field for the provinces, but our margin is none too broad considering obligations that we must meet year to year. The further we proceed the more it becomes apparent to all that in justice to the taxpayers, the premiers and ministers here assembled, having heard the varied recommendations, should give the whole matter their mature consideration. It is submitted that it would be unfair to the taxpayers of Canada were we of the Dominion Government immediately to attempt to lay down to-day a line of action that the Dominion Government is prepared to follow towards any part of Canada. The whole question we feel must be given a thorough scrutiny before commitment of any nature should be given, and in the light of all representations made at this conference we will carefully consider the problems."

The first question dealt with on the Agenda during the afternoon was the Old Age Pensions Act passed at the last session of Parliament. This Act provides for the payment to needy persons over the age of seventy the sum of \$120 a year from the Federal treasury provided each province enacts concurrent legislation and pays a similar amount. The discussion showed an inclination on the part of most of the provinces to have the Federal Government make its contribution without involving the provinces in a similar obligation. By certain of the provinces it was contended that the additional burden would be too great for them to bear. This was particularly true of the Maritime Provinces, whose population contained a larger proportion of elderly people. Other provinces, including Quebec, declared that they had their own systems of relief for the indigent and old. The further complaint was made that the legislation placed the provinces in an invidious position inasmuch as pressure would be brought to bear upon them to adopt the legislation, that the responsibilities placed upon them of deciding as to who would be eligible for the pension and that if all the provinces did not adopt the Act it would be a checker-board affair. All however were agreed that the principle of old age pensions was a good one.

On the other hand, the province of British Columbia, which has adopted the Act, took the opposite view. The Dominion Government, said Premier MacLean, had tried to make a federal Act, but this had been defeated in Parliament, on the ground that the care of the indigent and old was a provincial responsibility. He thought that the Act which had been passed was a real boon because instead of paying the whole cost the Federal Government had relieved the obligation of the provinces by \$120 per individual. The Act was not a compulsory one and his province was quite willing to bear the burden. The province of Manitoba while taking the view that the Dominion Government might well bear all the cost, and that if it did not it should pay at least half the cost of administering the Act, declared the readiness of his province to introduce a Bill later and seek for a source for the securing of the necessary revenue.

In introducing the subject Hon. Peter Heenan, Minister of Labour, declared that while the matter was one of provincial jurisdiction, it had been realized that it would be difficult for any one province of itself to formulate such a

measure. The Bill had been introduced as a federal Bill, but had been voted down, and the present scheme had been introduced and passed in its stead. It was now on the statute book and he would like to see all the provinces adopting it. The Bill was not perfect and might be amended in the light of future experience.

The question of power development and the federal and provincial jurisdiction in this regard was brought up by Premier Ferguson of Ontario. He thought that perhaps the Minister of Justice and those interested might have a conference if it was agreed that the question should be submitted to the courts for adjudication. If there was going to be litigation, then it would be well to agree upon the terms of submission. Hon. Ernest Lapointe, Minister of Justice, declared that inasmuch as the matter affected all the people of Canada it would be impossible for the Government to decide what course it should take until it had discussed the matter in Cabinet Council.

Hon. Charles Dunning, Minister of Railways, declared that any dispute or difference of opinion on the power question related to waters on which the Dominion had spent vast sums in canalizing thereby creating a head of water. There had been no difference of opinion in respect to waters not canalized, and in connection with which plans for power development must go to the Public Works Department for approval. This had regard for navigation. Premier Ferguson replied that it would be well to have the whole question of jurisdiction cleared up.

Attorney General Manson, of British Columbia, introduced the question of taxation, and advocated that the whole subject be made one of general inquiry so that the ship of State could be trimmed, not at one end, but from end to end. Under the British North America Act the field of the provinces had been confined to direct taxation. Greater and greater demands were being made upon the provincial exchequers, and yet by reason of various interpretations made by the Privy Council of what was actually direct taxation, the provinces were threatened with the loss of various of their existing sources. Already his province had lost a valuable source through the Fuel Oil Case and other taxes were challenged and thrown into jeopardy. In the opinion of Mr. Manson, unless the Dominion Government were to be continually bombarded by demands for help from the provinces some step must be taken to define the words "direct taxation" as appearing in the British North America Act. There must be a delimitation of taxation fields and a simplification of the methods of collection.

Premier Baxter, of New Brunswick, did not think it was practical for the Dominion to abandon the income tax field until she had got further along toward the payment of the war debt. He however suggested that an amendment might be made to Section 92 of the British North America Act dealing with "direct taxation" which would once and for all do away with the conflict created unnecessarily by Privy Council judgments. As an amendment he suggested the following words: "Direct taxation by the provinces shall mean by any mode but customs and excise, on persons and things within the province."

Attorney General Price, of Ontario, did not question the right of the federal authority to enter into any field of taxation. He did however believe that it was a great hardship upon the provinces to be continually speculating as to their fields of revenue, and to be continually challenged in the courts as to their rights to tax. Most of the litigation in this regard was instituted by men who didn't want to pay taxes, and he suggested that it might be well if such individuals could be shown that whether they were successful in the courts or not they must pay either to the provincial or the Federal Government—

with the understanding that the latter would rebate to the provinces after collection. Colonel Price further suggested that with respect to the Income Tax the Dominion should follow the custom of Australia whereby the proceeds on personal incomes were handed to the states, and those incorporations retained by the Federal authority. He suggested that the provinces should meet again, discuss the fields of taxation, and again confer with the Finance Minister.

Premier Bracken, of Manitoba, submitted the following observations with respect to taxation:

1. That provincial responsibility for onerous services of a national character are increasing without seeming possibility for a corresponding increase in its source of revenue (provincial revenues are inelastic).
2. That the entry of the Dominion Government into the field of direct taxation increases the difficulty of the provinces.
3. That there is urgent need for more clearly defining the powers of the provinces to impose taxation and the taxes they can impose.
4. Section 92 of the British North America Act should be amended in order to assign specifically to the provinces certain taxes whether direct or indirect.
5. That the payment of increased subsidies should be provided for, or some percentage of the Dominion receipts from the income tax should be paid over to the provinces—or—the provinces should be allowed to levy "supplements" to the tax imposed by the Dominion—or—the Dominion Government should fully co-operate with those provinces which also levy the tax to the end that there may be a saving in the expense occasioned by the duplication of services for collection.

Other representatives who spoke agreed with the view that something should be done as early as possible to remove existing uncertainties and delimit the fields of taxation.

Hon. G. S. Harrington, of Nova Scotia, dealt at some length with the fuel and steel industries of the Dominion, which he declared to be of great national importance. He spoke of the difficulties of these industries in his own province, and visualized the condition which would exist in the event of their being forced into decay. If this were to occur he said, the consumers of iron and steel in Central Canada would be dependent upon their competitors to the south for their imports. He submitted the principle that the time had come for Canada to definitely proclaim national fuel and steel policy for the Dominion, the aim of which would be to produce all the fuel and steel she consumed.

Premier Brownlee, of Alberta, endorsed this proposal. He declared that his province had the largest coal area in the Empire, but that for various reasons, including conditions of the mines, freight-rates, and a narrow market, they could not be capitalized either to the advantage of the province or to the Dominion as a whole. An endeavour had been made to secure a minimum freight-rate, and he did not think that the railways had approached the subject from the standpoint of the national welfare. There was a need for a national rate on coal just the same as there was for a national rate on grain. He believed that the railway companies with their tremendous rolling stock, much of which was only necessary during the grain movement could very well afford to charge a rate on coal which would cover wages, depreciation, and some interest on investment. The Railway Board had found that the cost should be \$7.22 per ton to carry coal from Alberta to Ontario. In the opinion of Mr. Brownlee the figure should have been \$6.75.

Premier Ferguson, of Ontario, endorsed the suggestions made. He believed that Canada should launch out into a new line in the matter of her fuel and steel, and was not sure that a deficit on the Canadian National Railways should be regarded as a great calamity provided that it resulted in the development of the country.

Hon. Charles Stewart, Minister of Interior, declared that investigation into the coal question had covered several years. With respect to Nova Scotia's situation one of the factors was the very high cost of production in that province, and the large content of sulphur in the coal. The Dominion had offered a subsidy for coke produced from Canadian coal. If the cost of production were reduced the Maritime coal could reach Kingston by water and meet competition there.

With respect to Alberta coal the constantly falling prices in anthracite and other coals from the United States must be taken into consideration. The decision of the Railway Board as to the minimum cost of transport must be abided by, and there was no possibility of increasing the duty on coal. He did not believe that the people were ready to pay more for Canadian coal than for imported coal. The problem had resolved itself into the simple question of moving coal from Alberta to the central provinces. With respect to steel he declared that the Canadian companies should show that they were endeavouring to improve their plants and methods and to cater to markets at their own door before expecting further subsidies. It was explained that the demands of the steel industry were now before the Tariff Board.

Hon. Charles Dunning declared that to quarrel with the decision of the Railway Board as to the minimum cost of hauling coal from Alberta was simply to reopen the whole question.

Toward the conclusion of the session Attorney General Manson, of British Columbia, took up the question of unemployment insurance for handicapped veterans who while receiving pensions might be almost incapacitated from industrial work.

Mr. Manson also urged an amendment to the Criminal Code providing that narcotic offenders should be subject to the lash. He quoted Mr. Justice Murphy as having said that the man who indulged in the peddling of narcotics was worse than the average man who had committed murder, because the narcotic peddler not only murdered the body but the soul. The average profits of these peddlers ran from 2,500 to over 5,000 per cent, and the traffickers were not afraid to take a chance of a term in jail. One thing however they did fear and that was the lash.

Mr. Manson dealt briefly with the Oriental problem from the standpoint of his province and of the Dominion. He advised consideration of this by the Federal Government.

Hon. Lucien Cannon, Solicitor General, submitted the report on the sub-committee appointed to consider various questions concerning company law. The report was as follows:—

1. That with respect to incorporation of companies the Department of the Secretary of State would follow its present principle of refusing incorporation to companies which were purely provincial in scope and to inquire of applicants whether they had been at any time refused incorporation by a province.

2. That with respect to insurance, loan and trust companies a careful study would be made with a view to reaching a satisfactory basis of co-operation with the provinces.

3. Legislation by the Dominion Government will be introduced to regulate the shares and securities of Dominion companies.

The Agenda having been completed the representatives engaged in mutual felicitations, each of them expressing his satisfaction at the success of the conference. In the midst of these felicitations, Hon James Robb declared that his department hoped to send the balance of the subsidies provided for under the Duncan Report before the end of the Maritimes' fiscal year.

In thanking the delegates for their presence Premier King declared that his Government was responsible to Parliament just as the Provincial Government were responsible to their legislature. His ministry therefore must be careful in maturing its decisions on the representations which had been made. He thanked the delegates however for the light which they had thrown upon the various problems in which they all had a concern, and believed that every man in the conference would go forth with a greater desire for the unity of the Dominion.





Gov. Doc. Canada. Dominion-Provincial Conference, 1927
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